

**SPECIAL EDITION****GOVERNOR SNYDER UNVEILS PROPOSED
FY 2011-2012 CORRECTIONS BUDGET**

Governor Rick Snyder released his executive budget recommendation for fiscal year (FY) 2011-2012 today. This action starts the annual budget process for Michigan, which must have a balanced budget in place by October 1, 2011. The Governor's recommendation is the first step in a very detailed process that ultimately results in a FY 2011-2012 budget. Over the course of this process, changes may result from discussions and compromises between all involved entities. In the end, the Corrections budget must be agreed on by both chambers of the legislature and the Governor prior to becoming law.

The Corrections (GF/GP) budget recommendation is \$1.93 billion and includes a net General Fund/General Purpose (GF/GP) funding increase of \$11.9 million. This represents a .62% increase in GF/GP funds over FY 2010-2011. The Corrections budget recommendation includes nearly \$61.4 million in funding reductions, however a \$56.2 million cost increase in economics and \$17.1 million in other necessary expenditures essentially keeps budget growth flat.

Budget reductions include:

- Closure of one yet to be identified prison with savings of \$18.9 million;
- Operational efficiencies in supply chain logistics, contract savings, and business office consolidation, an \$11.5 million reduction;
- An \$8.8 million reduction as a result of full year impact on the incentive retirement program;
- Consolidating lieutenant positions throughout correctional facilities, an \$8.5 million reduction;
- Competitively bidding food service, a \$7 million reduction;
- Competitively bidding prisoner store services, a \$2.45 million reduction;
- Elimination of the remaining Public Works programs, a \$2.2 million reduction;

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- \$1.35 million in Interdepartmental Grant (IDG) transfers to cover judicial drug courts, Michigan State Police mental health training, and the Legislative Corrections Ombudsman; and
- Reducing the size of the Parole Board resulting in \$750,000 in savings.

Funding increases in the FY 2011-2012 budget include:

- \$56.2 million in economics. Economics are the adjusted “costs of doing business” including items like retirement funding, insurance, salary and wage adjustments, and utilities;
- A \$5 million increase in the Neal Case settlement payment;
- \$4 million for increases in health care contract costs;
- \$3.5 million for new custody officer training;
- \$3 million to cover shortfalls in parole/probation restricted funds that include oversight fees and tether participant contributions; and
- A \$1.6 million technical adjustment for miscellaneous utility and rent adjustments at various facilities.

THE BUDGET PROCESS

This year, there is discussion of developing budgets through joint House and Senate committees. It is not yet clear if the Corrections budget will be approached in this manner. No matter how the budget is developed, the budget must be approved through both chambers of the Michigan Legislature. Appropriations subcommittees will compose budget recommendations for each of the state departments. Those recommendations will be reported out to the full appropriations committee. Following hearings and amendments to the bill, it is reported to the floor. This year, the Corrections budget started in the House of Representatives and then goes through the same process in the Senate. If there are differences in the bills that are passed in the House and Senate, a conference committee will recommend a final bill to ensure both versions are the same. If both chambers agree on the bill, it is passed. Final approval of the bill into law is carried out with the Governor’s signature. The Governor has the authority to veto specific lines of the budget bill prior to signing it into law. Any vetoed items can be overruled with a 2/3 vote of both chambers of the legislature. Governor Snyder has set a deadline of July 1 to have a two-year budget in place, though only the first year is legally binding.

Stay tuned to F.Y.I. for updates on the budget process as it unfolds.